

Straight Talk About Transportation

Building a New Plan for Moving Forward

November 2002



The Transportation Commission shall ... propose policies to be adopted by the legislature designed to assure the development and maintenance of a comprehensive and balanced statewide transportation system which will meet the needs of this state for safe and efficient transportation service. RCW 47.01.071

The only choice is a better plan grounded in a higher level of public trust

- **Yes and no voters on Referendum 51 overwhelmingly agreed on one thing: *transportation will get worse if we don't do something.***
- **Better understanding about what can be done and what can be paid for must be rebuilt with citizens across the state.**
- **The people want a plan that can be matched to solutions.**
- **The people want leadership that results in action.**
- **WSDOT's accountability efforts are headed in the right direction but must be substantially strengthened.**

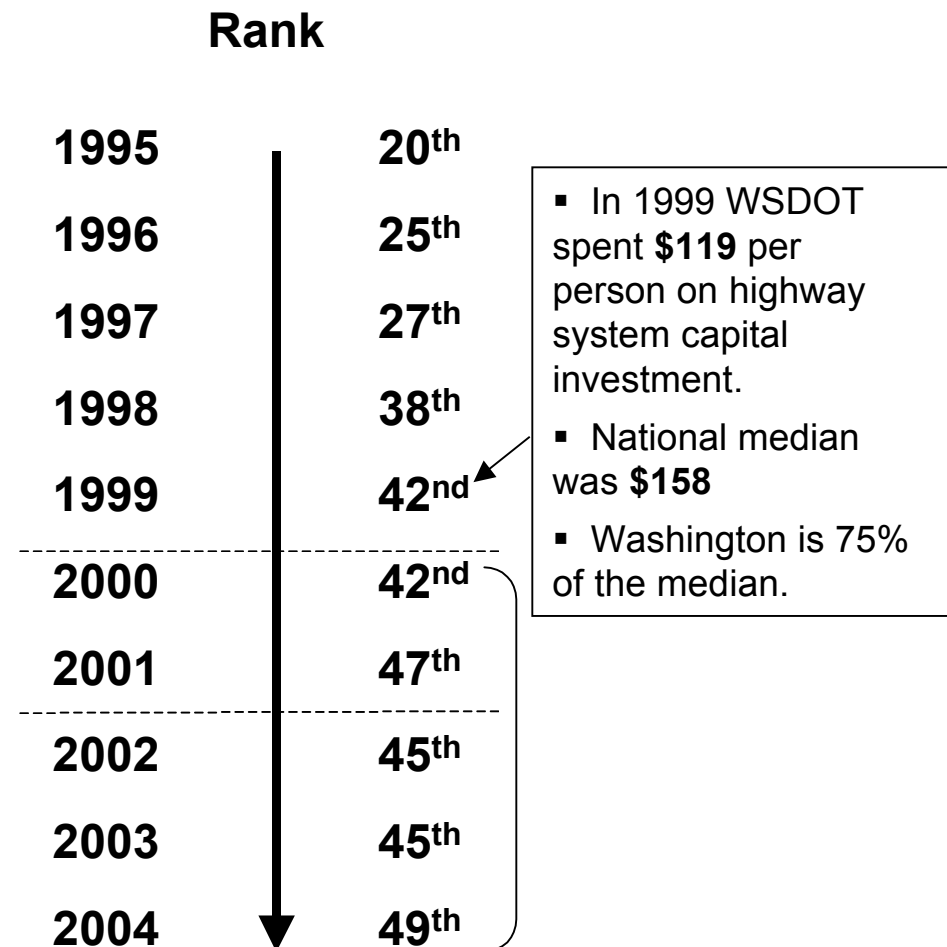
The crisis is real: freefall is an ugly picture

Since 1995, Washington State capital outlays for highways (including ferries) as reported by USDOT have been in freefall relative to other states.

Source:
1995 – 1999 US DOT.
1999-2001 actual data for WSDOT.
(Assumes no change in other states.)

2002-2004 projected data for WSDOT after R- 51 defeated.

Tacoma Narrows Bridge not included.



We should build a ten-year plan for transportation capital investment in this state

Kinds of projects people want:

- Safe and better highways for people and goods.
- Special projects in most congested areas.
- Mobility for people who can't drive.
- Rail service improvements for freight and Amtrak service.
- City and county road improvements.
- Ferry system improvements.
- Strengthen transit service.

Sources of money we have:

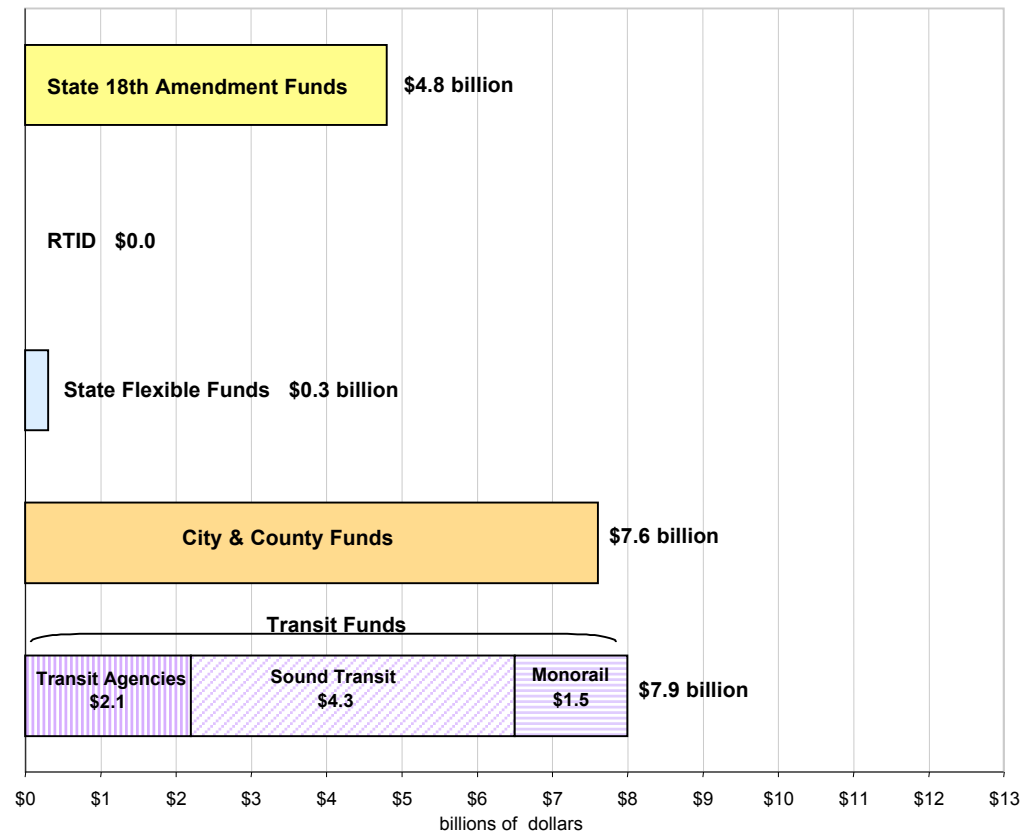
- State Gas Tax and other 18th Amendment Sources and State Use of Federal Funds.
- Regional Transportation Investment Districts (RTID), including tolling.
- State “Flexible” Sources.
- County and City Resources.
- Transit – including Sound Transit and ETC (monorail).

What can we do over the next 10 years with current amounts available for capital investment?*

As matters now stand, here is what is available for the next ten years —

- Preservation investment in highways and ferries; very few new highway additions. →
- No special funding for regional needs. →
- Little rail capital investment; limited support for passenger-only ferries. →
- Funds for city and county roadway and non-roadway transportation systems preservation and improvements. →
- Funding for transit projects and investments supported by local voters. →

Existing 10-Year Capital Funding Capacity



***This is capital investment only.**

What does this mean we can promise and deliver from WSDOT as capital investment with current resources?

10-Year Capital Funding

- Achieve preservation investment (e.g., re-paving) at about 80% of legislature's desired standard of "lowest life cycle" program. No work, however, to rebuild deteriorating concrete pavement on I-5 and I-90 that is now at life expectancy threshold.
- Replace the east half of the Hood Canal Bridge. Other preservation work on bridges and structures at 95% of recommended re-investment rate.
- Invest approximately \$1.0 billion over ten years in highway additions and improvements (as compared to \$ 5.0 billion in 1991 – 2002).
- Investment in new ferry vessels would await "internal financing" in about year seven from proposed business plan for cost cutting and new revenue generation. Investments of \$888 million will be limited to terminal, and vessel preservation (as compared to \$950 million in 1991-2002).

\$2.9 billion

\$1.0 billion

\$0.9 billion

This would mean Washington State would rank almost at the bottom of the 50 states at about \$80 per person per year in roadway capital investment.

\$4.8 billion

Citizens need to know they would be getting their money's worth.

Clear, Operating and Capital Budget Submission

Gray Book Quarterly WSDOT Performance Reports

- Transportation Programs and Management

Quarterly Project Performance Reports

- Schedules and Costs

Semi Annual Maintenance Accountability Reports

- Highway Conditions and Costs

WSDOT also *welcomes* hard-nosed performance audits by knowledgeable, outside professionals.

Audits should examine:

- **Departmental competencies, strengths, weaknesses, and efficiencies.**
- **Projects and program delivery.**
- **Washington State transportation myths.**
- **Apples-to-apples benchmarking.**

However, over the same next ten years.... what more might citizens want so that the transportation system would better serve to support the economy and our quality of life?

Better, safer state highways

- Improvements to correct 25%, 50%, 75% of high accident locations and high accident corridors?
- Remove bottlenecks on Interstate freeway system for freight access and reliable travel times?
- Four-laning of dangerous and/or inadequate state routes like SR 270 and US12?

Fully adequate investment in preservation of existing highways

- Keep asphalt pavements in good condition at lowest cost?
- 10, 15, or 20 year correction program for concrete I-5 and I-90 pavements?

Retrofit bridges for safety and transportation reliability protection against earthquakes.

- Strengthen or replace most vulnerable and heavily traveled bridges first?

New ferries to replace obsolete vessels

- 2-4 new auto ferries?
- Preserve and make improvements to terminals?

Helping transit and vanpools work

- Complete Puget Sound HOV lane system?
- Expand urban Park and Ride lot system?

Improve short and long haul rail lines

- Continue or expand Amtrak support?

Improve access to ports and economic centers

So a new plan might settle on.....

18th Amendment Funds Only

Plan I	Plan II	Plan III
<ul style="list-style-type: none">• Preservation for highways and ferry system• Safety and bridge seismic projects• Immediate interstate and traffic improvement needs	<ul style="list-style-type: none">• Preservation• More safety and bridge seismic projects• More Interstate and traffic improvement needs• Most pressing improvements to regional highways of state significance.	<ul style="list-style-type: none">• Preservation• More safety and bridge seismic projects• More interstate needs• Menu of improvements to highways of statewide significance• More significant partnering with regional large project needs
\$ 7 billion over 10 years	\$ 8 billion over 10 years	\$ 10 billion over 10 years
The Blue Plate Special for about \$118 per capita per year	The Family Meal for about \$140 per capita per year	The Full Course Surf 'n Turf for about \$162 per capita per year

Plus other Programs for Other Funding Sources

What would be the options for funding program goals we could agree on?

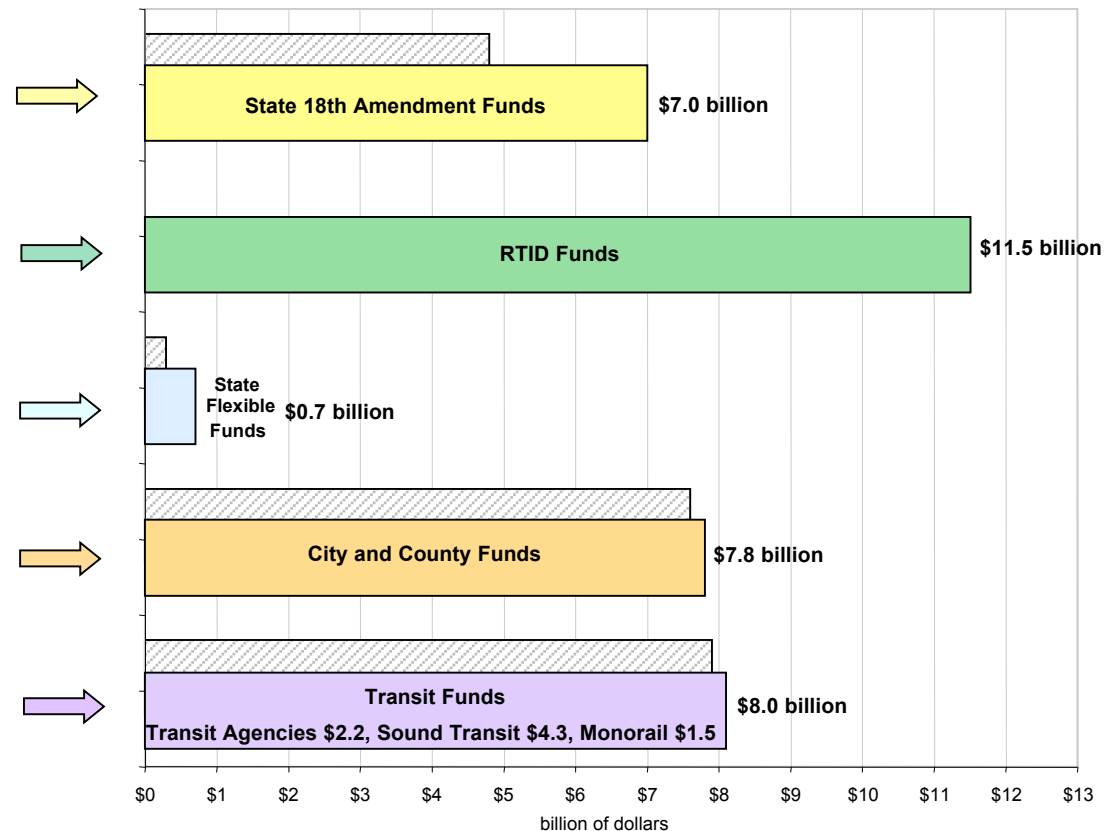
- **State Gas Tax and other 18th Amendment Sources**
 - State Gas Tax?
 - Weight Fees on trucks and other vehicle license fees?
- **Regional Transportation Investment Districts (RTID)**
 - Authorized revenue sources in ESSB 6140 subject to local votes
 - Additional HOT lanes and/or facility tolls?
- **State “Flexible Sources”**
 - Sales Tax on Gasoline?
 - Sales Tax on New and Used Vehicles?
 - Sales Tax on Highway Construction Projects?
 - Tire Taxes?
- **City and County Resources**
 - Gas Tax Distributions to Local Governments?
 - Other City/County authorized sources?
- **Transit – Including Sound Transit and the Monorail (ETC)**
 - Sales Tax Distributions to Transit Agencies for Public Transportation?

How would new resources match to what citizens might choose for a menu?

For example, a revenue option might start with a penny gas tax increase indexed into the future for construction inflation and other miscellaneous new tax amounts.

- 1¢ gas tax increase 2003, indexed to construction cost index thereafter
- Graduated sales tax:
0.3% 2004, 0.4% 2009, 0.5% 2014
- \$75 license fee
- 0.2 % MVET
- 0.25% sales tax on new and used vehicles 2004, 2007
- Recapture of sales tax on WSDOT construction projects
- 20% of gas tax increase
- 20% of each sales tax increase

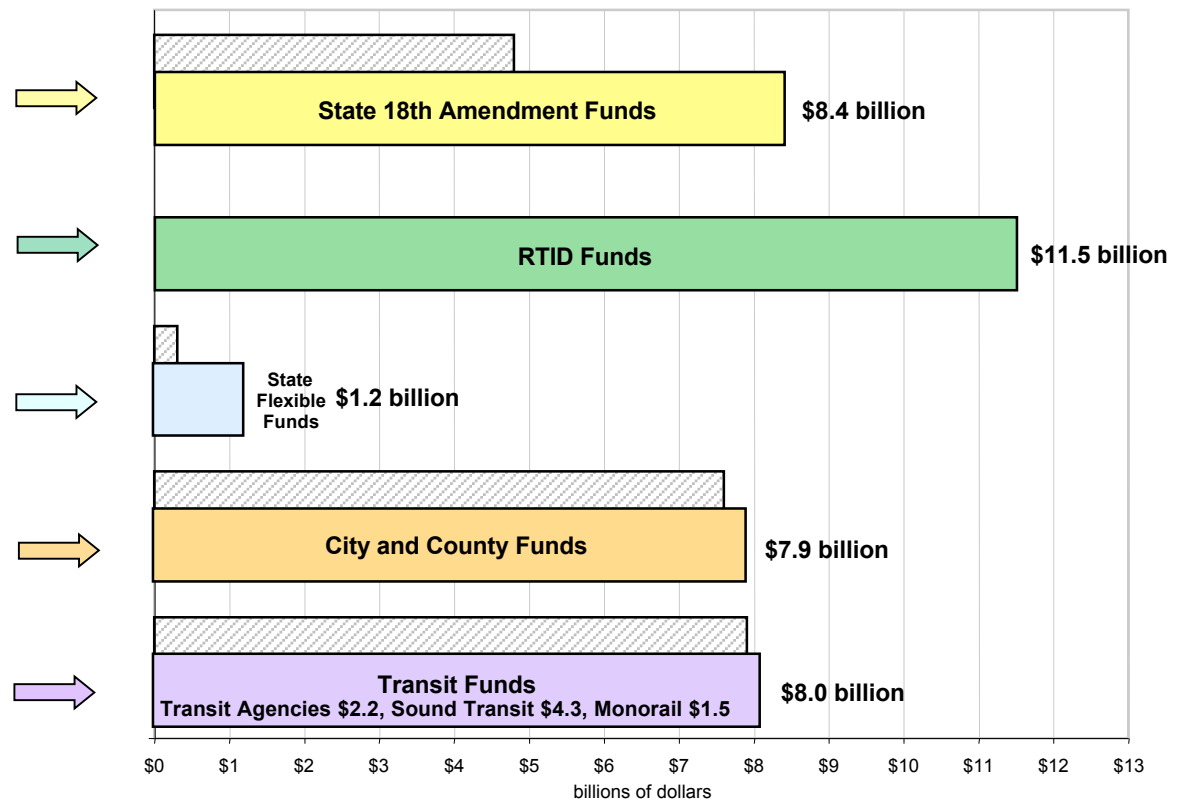
Here's the new 10-year funding capacity



Another option might start with a slightly higher initial gas tax increase and provide more funds.

- 3¢ gas tax increase 2003, indexed to construction cost index thereafter
- 20% gross weight increase 2004
- Graduated sales tax:
0.3% 2004, 0.4% 2009, 0.5% 2014
- \$75 license fee
- 0.2 % MVET
- 0.5% sales tax on new and used vehicles 2004, 2007
- Recapture of sales tax on WSDOT construction projects
- 20% of gas tax increase
- 20% of each sales tax increase

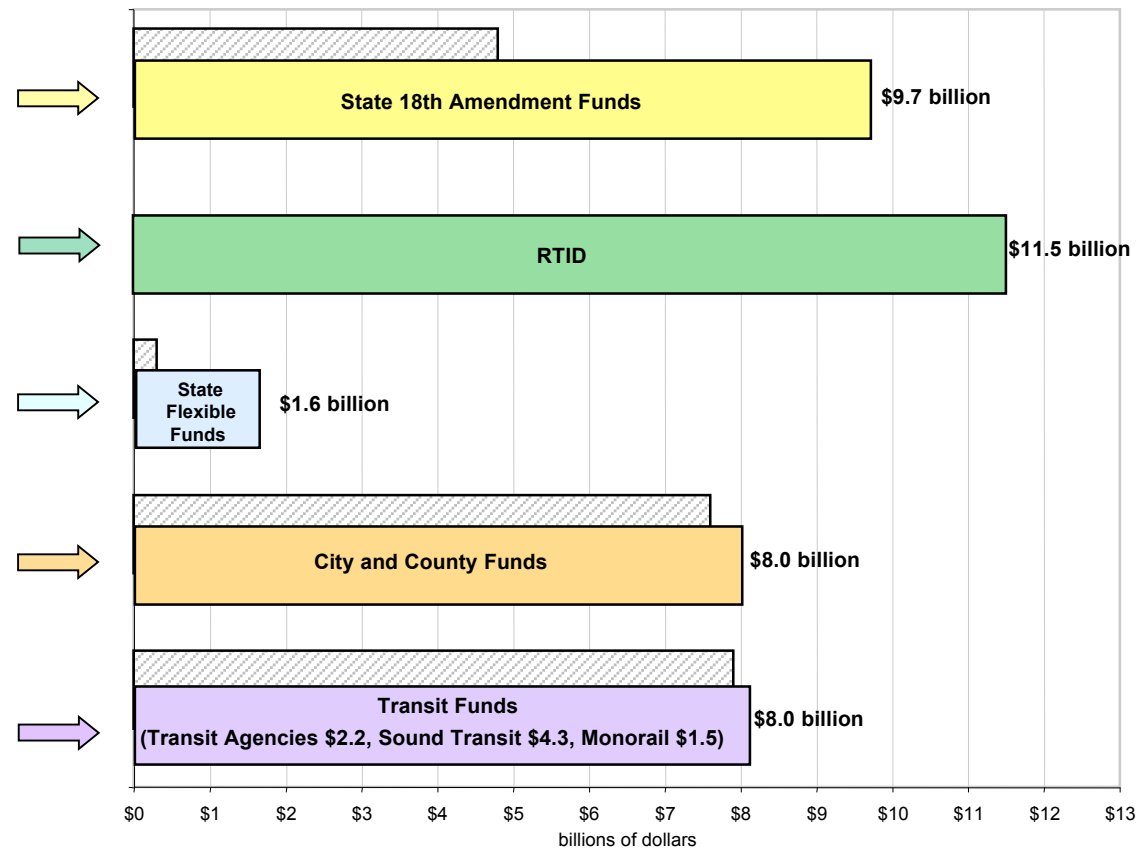
Here's the new 10-year funding capacity



Another option might stagger modest tax increases at intervals over the 10-year period

- 4¢ gas tax increase 2003, 2006, 2009
- 15% gross weight increase 2004, 2005
- Graduated sales tax;
0.3% 2004, 0.4% 2009, 0.5% 2014
- \$75 license fee
- 0.2 % MVET
- 0.75% sales tax on new and used vehicles 2004, 2007
- Recapture of sales tax on WSDOT construction projects
- 0.75¢ of each 4¢ gas tax increase
- 20% of each sales tax increase

Here's the new 10-year funding capacity



These options illustrate but do not exhaust the many possibilities

Hard questions will have to be faced along the way

- **Regional equity issues must be faced**

- Citizens want a fair share of their own taxes to address their own problems.
- A guaranteed level of regional return with a “set-aside” for projects of larger-than-region significance? (California, for example, does this)
- Maintenance and preservation of existing systems across the state must be a priority.

- **Opportunities for savings must be considered and recommended for legislative action.**

- **State-wide resources have to help support the largest regional needs.**

- RTID needs to build upon a state transportation strategy.
- Fiscally, politically and operationally realistic tolling scenarios must also support the RTID program

- **The limit of a “nickel in Olympia” plan must be confronted.**

- 18th amendment realities
- Spending expenditures must be rooted in total program budget

- **“Mega project” appetite must be matched to the “cupboard is bare” realities.**

- Assessment of private finance/construction opportunities on largest projects

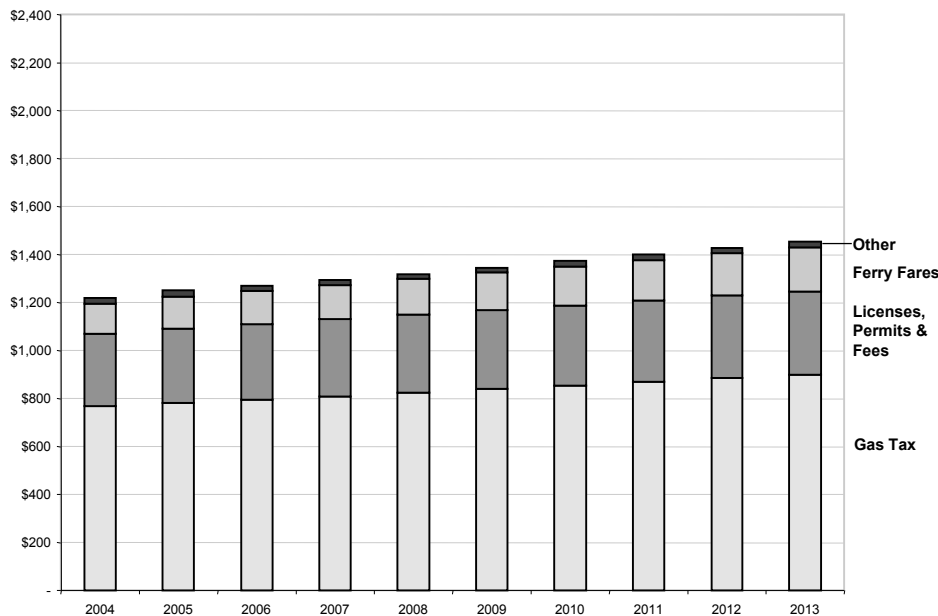
What are the next steps?

- **The Transportation Commission and the Secretary of Transportation can provide a forum for the discussion.**
- **All the players must have the information they need to play. A wide range of people and interests must be heard from.**
- **Options have to be structured by the Commission and teed up soon for all legislators and all decision contributors.**
- **The public need to be fully in the picture on program expectations and revenue choices.**

State Gas Tax and Other 18th Amendment Sources

Pro Forma Sources and Uses of 18th Amendment Revenue 2004-2013

Sources of Revenue
(millions of dollars)
current revenue



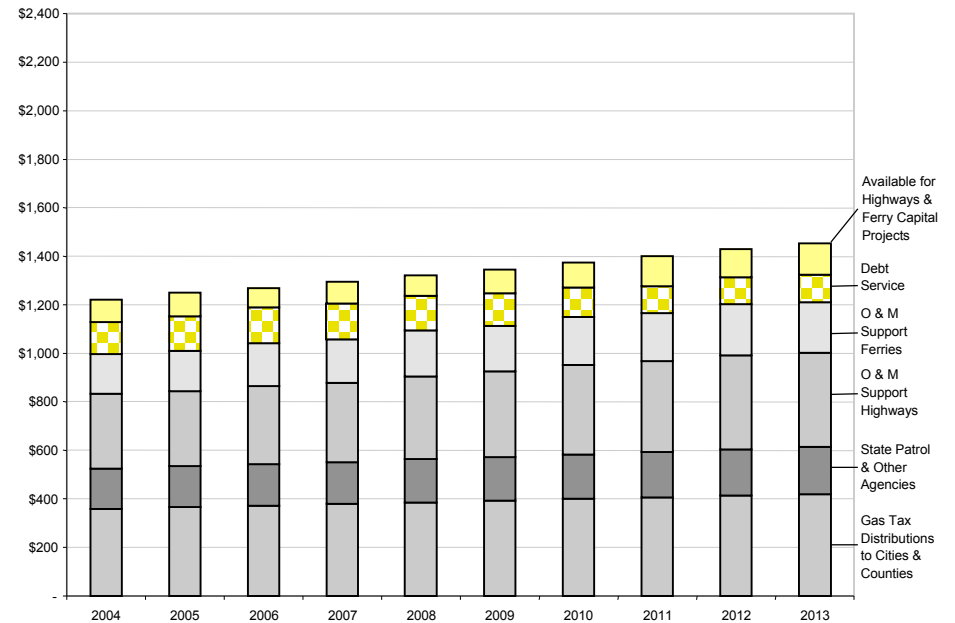
Annual Revenue from Gas Tax,
Licenses, Permits and Fees and Ferry Fares*

*Includes gas tax revenue net of non-highway use refunds.
While not subject to the 18th amendment, ferry fares must be used to support ferry operations and the ferry system is considered a part of the highway system.

Toll Revenue from the Tacoma Narrows Toll Bridge are not included.

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Uses of Revenue
(millions of dollars)
current revenue



**Includes grants to cities and counties from the County Road Administration Board and Transportation Improvement Board (TIB).

A portion of gas tax distributions to TIB are committed to pay debt service.

Maintenance and operating costs for Ferries is shown separately from highways.

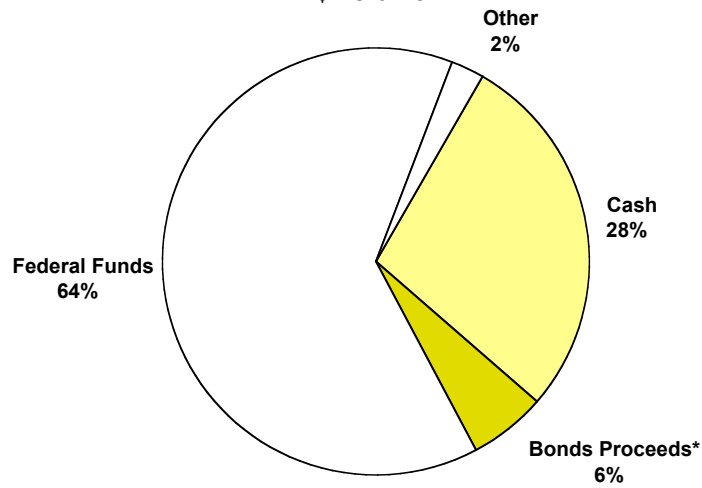
State Gas Tax and Other 18th Amendment Sources

Summary of current 18th amendment funds available for capital investment.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Ten-Year Total 2004-2013
Cash	95	105	93	108	115	137	148	176	171	188	1,334
Bonds Proceeds*	122	122	19	19	-	-	-	-	-	-	283
<i>Subtotal</i>	218	227	112	127	115	137	148	176	171	188	1,617
Federal Funds	316	316	275	275	300	300	307	307	314	314	3,024
Other	33	33	10	10	5	5	5	5	5	5	115
Totals*	\$567	\$576	\$396	\$411	\$419	\$442	\$460	\$488	\$490	\$507	\$4,756

*Bond sale assumptions are stated in notes; resulting debt service is shown on previous page.
millions of dollars

Summary for 10-Year Sources
\$4.8 billion



The present value of this stream of funds for investment (assuming 3% discount rate) as of July 1, 2003 is approximately \$4.1 billion

*Toll Revenue from the Tacoma Narrows Toll Bridge is not included.

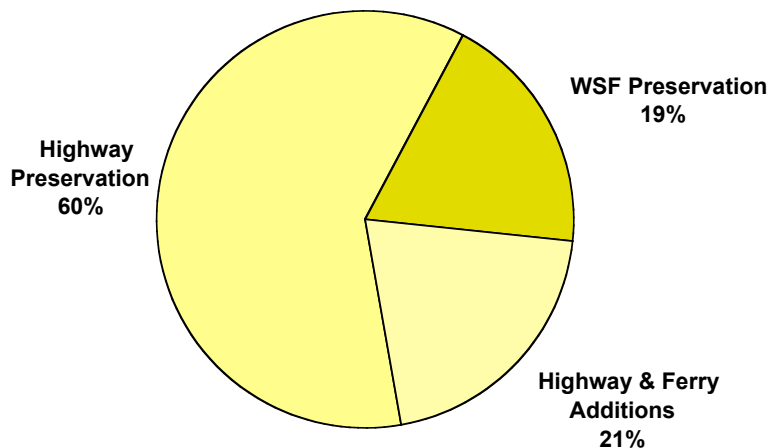
State Gas Tax and Other 18th Amendment Sources

Summary of current 18th amendment uses for capital investment.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Ten-Year Total 2004-2013
Highway Preservation	298	298	254	254	276	276	298	298	317	317	2,885
WSF Preservation	81	81	84	84	89	89	93	93	98	98	888
Highway & Ferry Additions	188	198	58	73	55	78	69	97	76	93	983
<i>Subtotal</i>	567	576	396	411	419	442	460	488	490	507	4,756
Totals*	\$567	\$576	\$879	\$411	\$419	\$442	\$460	\$488	\$490	\$507	\$4,756

millions of dollars

Summary for 10-Year Uses
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